

Date: February 23, 2017
To: House Revenue Committee
From: The Association of Oregon Counties
Subject: House Bills 2770 and 2063

Please add to the records of the House Revenue Committee these comments related to House Bills 2770 and 2063, which is on the committee's agenda for public hearing on February 23, 2017.

AOC supports House Bill 2770

HB 2770 does something unusual for potential legislation: It repeals property tax expenditure statutes.

The bill does not remove functioning property tax exemptions for communications companies added to the statute books by Senate Bill 611 (2015), which revised central assessment. It simply repeals an unused statutory scheme for the benefit of a company that promised expensive new-to-Oregon technology, but did not come.

An appropriate statutory series can be adopted later when the Legislature finds that the current property tax benefits offered are not sufficient; **and** when the following questions can be answered affirmatively: Is the proposal *necessary* to implement an important statewide program? Is the property tax expenditure the *only way* to accomplish the purpose, e.g., as opposed to creating an income tax credit? Will the economic sector *fail* without the property tax expenditure?

The property tax system is already cut, capped, and limited to the benefit of the property owner. Under Oregon's rate-based property tax system, a new or expanded exemption causes a straight loss of revenue for education and public services. The Legislature must carefully weigh the benefits against the costs, if it chooses to expand the revisions to central assessment further.

Unused and unneeded property tax expenditures should be repealed.

AOC is neutral on House Bill 2063

HB 2063 is a work in progress (see the blanks). AOC prefers HB 2770, which covers the same subject. But if the Committee wishes to tighten rather than repeal an unused property tax expenditure, AOC asks to be included in the conversation.